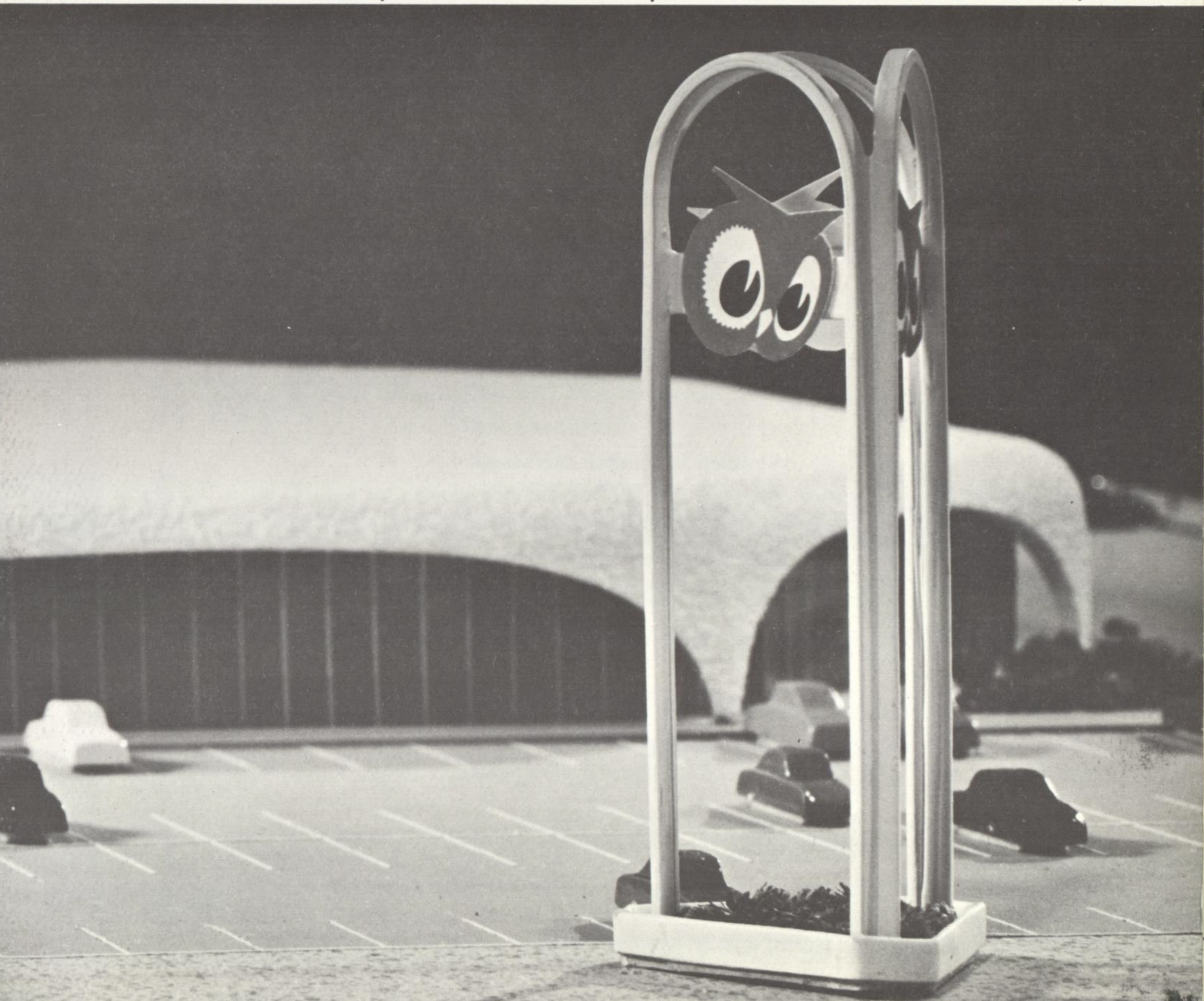
RED OWL STORES, INC. / ANNUAL REPORT / FOR PERIOD ENDING FEB. 25, 1967



ABOUT THE COVER: *Pictured on the cover is a model of an ultra-modern supermarket planned for construction in two Twin City locations. Plans call for 32,500 square feet of floor space to include a supermarket, drug store, restaurant and on-premise bakery.*

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The annual shareholders' meeting will be held on June 6, 1967, at the Hopkins House, Hall of Seasons, 1501 Highway 7 in Hopkins, Minnesota, at ten o'clock in the forenoon.

HIGHLIGHTS

	FISCAL YEAR ENDED Feb. 25, 1967	Feb. 26, 1966
Net sales and operating revenues	$337,483,386	$315,524,444
Earnings		
Earnings before extraordinary items	$ 1,451,796	$ 2,594,987
Extraordinary items, net	$ 78,533	—
Net earnings	$ 1,530,329	$ 2,594,987
Per common share outstanding at year-end	$ 1.01	$ 1.75
Number of shares outstanding at year-end	1,513,028	1,481,476
Dividends per common share	$ 1.00	$ 1.00
Net working capital	$ 18,936,364	$ 14,881,369
Ratio of current assets to current liabilities	2.01 to 1	1.75 to 1
Book value per common share	$ 19.97	$ 19.98

TO OUR SHAREHOLDERS AND EMPLOYEES:

For the fiscal year ended February 25, 1967, sales and operating revenues were $337,483,386 compared with $315,524,444 a year ago. Consolidated net earnings amounted to $1.01 per share against $1.75 in the prior year.

In addition to those adverse factors reported in our quarterly reports, our Colorado operations throughout the twelve months continued to be a drain on earnings. A critical appraisal of Red Owl's prospects in that market resulted in a decision late in the fiscal year to sharply curtail these operations. Early in the 1967-1968 fiscal year, ten retail stores and the wholesale and warehouse operation in Denver were sold. Seven retail units in the Rapid City area which had been serviced from the Denver warehouse were sold as franchised Agency stores and are expected to make an attractive contribution to future operating results.

Quarterly dividend payments of 25 cents per share were continued throughout the fiscal year resulting in a total payment of $1.00 per share.

Expansion during the twelve-month period continued with the opening of eleven supermarkets, the acquisition of 26 Foodtown stores in Kansas, Missouri and Oklahoma, and the opening or acquisition of four retail drug stores. Sales and earnings of the Foodtown chain have exceeded original expectations and the purchase has proven to be a favorable one.

Emphasis in the year ahead will be directed toward profit improvement through operating efficiencies, cost reductions wherever possible, and improved marketing procedures. The elimination of a number of losing stores, too, should have a favorable effect on earnings.

Although this is a report for the fiscal year recently ended, we call your attention to a tender offer that is being prepared by Gamble-Skogmo, Inc., a large Minneapolis-based retailer, to acquire shares of Red Owl common stock from all shareholders who may wish to tender their shares. Additional information concerning this offer will be found in the proxy statement being mailed early in May.

Jay Bell
Chairman of the Board

James D. Watson
President

REVIEW OF THE YEAR'S OPERATIONS

SALES AND OPERATING REVENUES

Consolidated sales and operating revenues for the fiscal year ended February 25, 1967 were $337,483,386 compared with $315,524,444 a year earlier. This amounted to an increase of 7% over the prior year.

EARNINGS

Consolidated net earnings after taxes amounted to $1,530,329, equal to $1.01 per share on the 1,513,028 shares of common stock outstanding at the close of the year. A year earlier, earnings were $2,594,987, or $1.75 per share on the 1,481,476 shares then outstanding. At year-end, 135,840 shares were held in treasury for possible future acquisitions and other corporate uses. The 31,552 increase in shares outstanding was due to the issuance of 105,592 shares in connection with the acquisition of Foodtown minus 74,040 additional treasury shares purchased. Cash flow earnings (net income plus depreciation and amortization) amounted to $4,925,970 compared with $5,585,854 the previous year. On a per share basis, this was $3.26 against $3.77 based on shares outstanding at the close of each year.

DIVIDENDS

Dividends were paid in each of the four quarters at the previously established rate of 25 cents per share making a total of $1.00 per share paid during the fiscal year.

FINANCIAL DATA

Net working capital at the year-end was $18,936,364 versus $14,881,369 a year ago. The current ratio was up to 2.01 to 1 from 1.75 to 1 the previous year.

Expenditures for fixtures, equipment and leaseholds amounted to $3,605,224 of which $3,081,753 was provided by write-off for depreciation and amortization.

The parent company received $5,000,000 from a revolving credit agreement arranged in the previous year. In addition, long-term borrowings of $700,000 were consummated by one of the subsidiaries.

EXPANSION

Eleven new supermarkets, including replacements, were opened during the year in addition to the acquisition of 26 Foodtown stores in Kansas, Missouri and Oklahoma. The Foodtown stores are serviced from a modern warehouse located at its headquarters in Pittsburg, Kansas. Acquiring this well-established chain has proven to be an attractive investment and its results have exceeded earlier forecasts.

Four drug units were added to the Snyder chain during the year of which two were newly-established locations, while two other stores were purchased from local operators. In addition to the 31 complete drug outlets, drug departments are operated in four Red Owl Family Centers. The improvement and over-all results of the Snyder operation the past year were extremely gratifying.

The Agency Division, which serves independent food stores using the Red Owl name, developed ten accounts the past year while discontinuing those franchises which did not appear to offer profitable potential. Recently, the Division sponsored a Food Show aimed at assisting operators in improving their store operations. This meeting was enthusiastically received and attended by almost 80% of these independent operators.

The Company purchased a bakery in Milwaukee to service stores in that metropolitan area. This brings to nine the number of company-owned and operated bakeries.

A sizeable addition was made to the egg production facilities in order to provide adequate capacity to supply all Twin City metropolitan area stores. Uniform eggs and controlled quality are assured in those stores serviced by this facility.

UNPROFITABLE OPERATIONS SOLD

Of far-reaching effects for the long range was the entering into agreements for the sale of ten retail stores and the wholesale and warehouse operation in the metropolitan Denver market, as well as seven retail stores in the Rapid City, South Dakota, trade area. Though negotiations commenced during the fiscal year, the sales were completed early in the 1967-1968 year and were part of a plan to almost completely dispose of the Colorado operations, thereby eliminating a substantial loss in earnings experienced since entering the Denver market. Proceeds realized from these transactions will be used in further expansion of the Company. A provision of $222,200, net of income taxes, has been made in the 1966-1967 fiscal year for estimated losses from such sales.

GAIN REALIZED ON SALE OF STAMP OPERATIONS

The giving of trading stamps was discontinued in several major markets during the year though the Company has continued them in the majority of locations. The Company's two trading stamp businesses were sold at a gain of $300,733, net of income taxes, as shown under extraordinary items in the statement of operations.

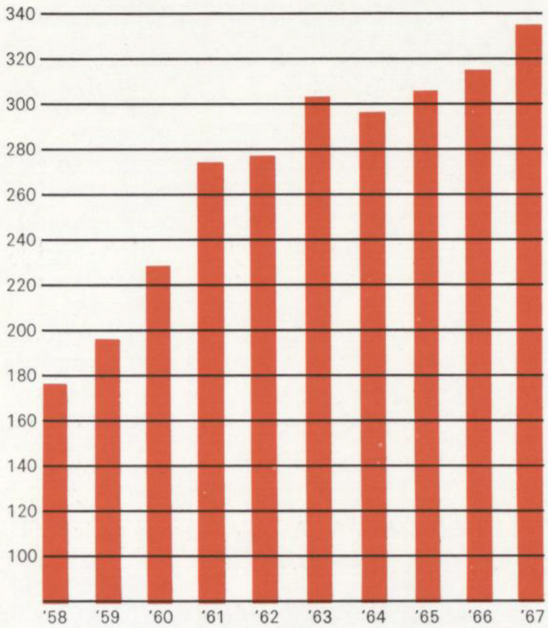
IMPROVEMENTS SOUGHT

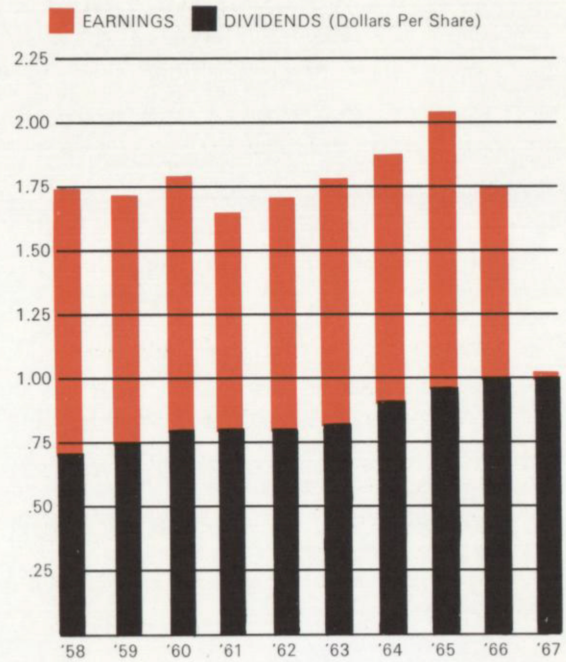
An intensive examination of the major segments of the Company was initiated during the year with the aid of outside consultants. In addition to substantial administrative cost reductions, the program is designed for greater efficiencies and improvements in the distribution, handling and merchandising of products.

The Company is also looking forward to the expansion of its data processing equipment in the very near future. This move is intended to furnish added capacity for applications that heretofore were not possible. Faster production of information with more effective controls is anticipated when the equipment becomes available. Maintaining adequate inventories to service stores and agencies, yet reducing overstocks has been a constant problem in the industry. The computer has become an important tool in modern business and is expected to provide this company with faster and more accurate service and lower capital needs.

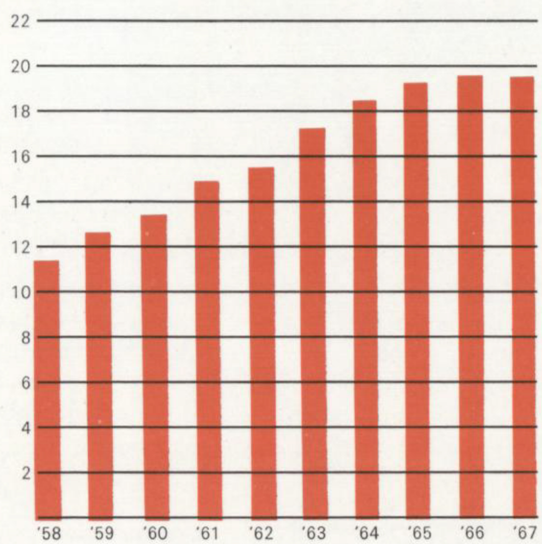
COMPARISON OF SALES AND OPERATING REVENUES, EARNINGS PER SHARE, DIVIDENDS, BOOK VALUES, CAPITAL EXPENDITURES AND DEPRECIATION

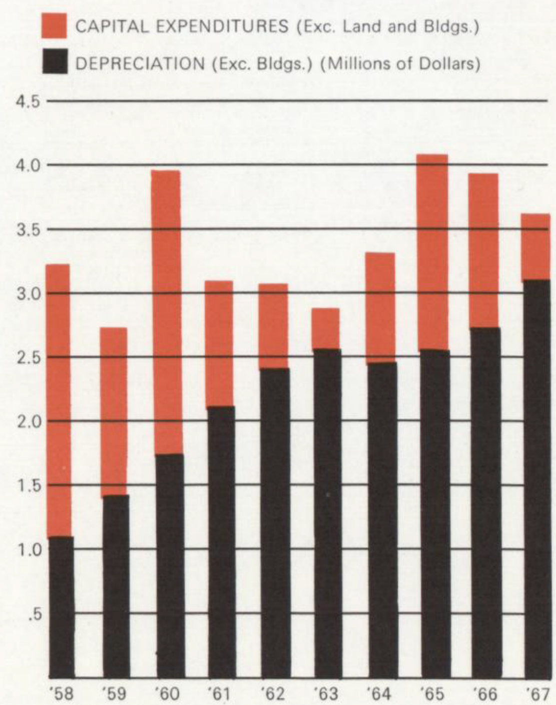
TOTAL SALES AND OPERATING REVENUES
(Millions of Dollars)





BOOK VALUES (Dollars Per Share)





RED OWL STORES, INC. AND SUBSIDIARIES

Statement of Consolidated Operations and Retained Earnings

Year ended February 25, 1967 with comparative figures for the previous year

	1967	1966
Net sales and operating revenues	$337,483,386	315,524,444
Costs and operating expenses:		
Cost of goods sold, including warehousing and transportation expenses	276,276,852	258,258,023
Selling, general and administrative and other operating expenses	58,194,168	52,061,463
Total costs and operating expenses	334,471,020	310,319,486
Operating earnings	3,012,366	5,204,958
Other deductions (income)—net:		
Interest	1,049,910	722,735
Miscellaneous deductions	224,154	11,255
Gain on disposal of property and equipment—net	(276,230)	(7,593)
Miscellaneous income	(155,264)	(97,426)
Total other deductions (income)—net	842,570	628,971
Earnings before income taxes and extraordinary items	2,169,796	4,575,987
Federal and State income taxes (note 4)	718,000	1,981,000
Earnings before extraordinary items	1,451,796	2,594,987
Extraordinary items:		
Gain on disposal of trading stamp businesses, net of income taxes, $108,000	300,733	—
Provision for losses on Colorado Division disposals, net of income taxes, $132,400 (note 2)	(222,200)	—
Total extraordinary items	78,533	—
Net earnings	1,530,329	2,594,987
Retained earnings at beginning of year—unappropriated	19,122,941	18,019,615
	20,653,270	20,614,602
Deduct dividends on Red Owl Stores, Inc. common stock—$1.00 per share	1,533,463	1,491,661
Retained earnings at end of year:		
Unappropriated (note 6)	19,119,807	19,122,941
Appropriated for possible future inventory losses	285,000	285,000
Total at end of year	$ 19,404,807	19,407,941

See accompanying notes to consolidated financial statements.

RED OWL STORES, INC. AND SUBSIDIARIES

Consolidated Balance Sheet

February 25, 1967 with comparative figures for the previous year

	1967	1966
Assets		
Current assets:		
Cash	$ 3,922,459	3,801,397
Accounts and notes receivable, less allowance for doubtful receivables, $86,920	3,471,608	3,155,192
Merchandise inventories (note 3)	28,786,389	26,457,142
Prepaid expenses	1,577,568	1,248,941
Total current assets	37,758,024	34,662,672
Receivables due after one year and miscellaneous investments	1,370,589	948,369
Property, plant and equipment, at cost less depreciation and amortization (notes 4 and 6)	25,608,136	24,100,959
Deferred charges	1,099,586	1,068,204
Radio licenses, network contracts and other intangibles, at cost (note 5)	1,422,633	1,265,223
	$67,258,968	62,045,427
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to banks	$ 1,550,000	2,725,000
Current instalments of long-term debt	1,322,965	1,414,166
Accounts payable	10,496,369	9,525,348
Accrued expenses	4,786,357	4,993,689
Federal and State income taxes	665,969	1,123,100
Total current liabilities	18,821,660	19,781,303
Deferred Federal income taxes (note 4)	1,786,373	1,873,314
Long-term debt, less current instalments included above (note 6)	16,434,562	10,786,791
Stockholders' equity:		
Preferred stock—par value $100 per share. Authorized 50,000 shares; none issued	—	—
Common stock—no par value, stated value $1.50 per share. Authorized 3,000,000 shares; issued 1,648,868 shares (1,543,276 in 1966) (note 7)	2,473,302	2,314,914
Additional amounts paid in by stockholders (note 8)	11,338,169	9,385,825
Retained earnings (note 6), per accompanying statement	19,404,807	19,407,941
	33,216,278	31,108,680
Less cost of 135,840 (61,800 in 1966) shares of common stock held in treasury	2,999,905	1,504,661
Total stockholders' equity	30,216,373	29,604,019
Commitments (notes 9 and 10)		
	$67,258,968	62,045,427

See accompanying notes to consolidated financial statements.

RED OWL STORES, INC. AND SUBSIDIARIES

Source and Use of Consolidated Funds

Year ended February 25, 1967 with comparative figures for the previous year

	1967	1966
Funds provided from:		
Net earnings	$ 1,530,329	2,594,987
Depreciation and amortization of property	3,395,641	2,990,867
Income taxes deferred—net	(166,745)	55,559
Other non-fund charges	393,227	348,086
Total from operations	5,152,452	5,989,499
Additional long-term debt	5,736,000	1,617,000
Market value of common stock issued in purchase of business (sales and exchanges of common stock in 1966)	2,110,732	77,189
	$12,999,184	7,683,688
Funds used for:		
Property, plant and equipment additions—net:		
Land and buildings	$ 1,415,093	799,346
Fixtures, equipment and leasehold improvements	3,605,224	3,324,495
Less net book value of dispositions	(1,899,882)	(454,679)
	3,120,435	3,669,162
Cash dividends paid to stockholders	1,533,463	1,491,661
Reduction of non-current portion of long-term debt	1,312,970	1,517,271
Purchases of common stock for treasury	1,495,244	321,635
Purchase of businesses, less net current assets acquired, $1,411,786 in 1967	700,054	1,771,768
Increase in other assets—net	782,023	256,606
Increase (decrease) in working capital	4,054,995	(1,344,415)
	$12,999,184	7,683,688

See accompanying notes to consolidated financial statements.

RED OWL STORES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

February 25, 1967

NOTE 1.

The accompanying consolidated financial statements include the accounts of the Company and all active subsidiaries. The operations of Foodtown Stores, Inc., a new subsidiary organized to carry on the former business of Foodtown Super Markets, Inc., have been included from March 1, 1966, the date as of which the net assets were purchased by issuance of 105,592 shares of Red Owl Stores, Inc. common stock.

NOTE 2.

Preceding and subsequent to the year end, the Company entered into agreements for disposal of its Denver warehouse operation and certain Colorado Division stores. Provision has been made for estimated net losses resulting from such dispositions. The remaining Colorado Division stores continue in operation and no provision has been made for losses, if any, which may arise in the event of their disposal.

NOTE 3.

Merchandise inventories of dry groceries in the Company's retail stores are valued at the lower of cost or market generally determined by the retail inventory method; merchandise inventories in drug and grocery stores of subsidiaries are valued at the lower of cost or market at various dates during the last three months of the fiscal year, adjusted for transactions to February 25, 1967 on the basis of gross profit percentages; warehouse and other inventories are valued at the lower of cost (first-in, first-out or average) or replacement market. Details of merchandise inventories are as follows:

	1967	1966
Retail stores	$12,812,737	10,682,210
Warehouses	15,222,944	14,897,431
Other and in transit	750,708	877,501
	$28,786,389	26,457,142

NOTE 4.

Property, plant and equipment, at cost less depreciation and amortization, including net properties of wholly-owned realty subsidiaries, $7,685,827, are summarized as follows:

	1967	1966
Land	$ 1,576,643	1,883,977
Buildings	9,137,828	8,791,957
Furniture, fixtures and equipment	26,742,863	23,870,179
Automotive equipment	4,752,034	4,462,559
Leasehold improvements, less amortization	2,074,850	2,172,233
Construction in progress and property held for sale	1,129,918	577,062
	45,414,136	41,757,967
Less accumulated depreciation	19,806,000	17,657,008
	$25,608,136	24,100,959

Depreciation charges against earnings have been computed by the straight-line method; for income tax purposes, depreciation on certain buildings, fixtures and equipment has been computed by accelerated

methods. Provision has been made for deferred income taxes applicable to the excess of depreciation claimed for tax purposes over amounts charged against earnings. The investment tax credit applied in reduction of the provision for Federal income taxes was $185,711 in 1967 and $204,917 in 1966.

NOTE 5.

Radio licenses, network contracts and other intangibles principally represent allocated portions of the excess of cost over net assets of businesses acquired which the companies intend to carry until such time as there may be evidence of diminution of value or the term of existence of such value becomes limited.

NOTE 6.

Long-term debt and related restrictions are summarized as follows:

Red Owl Stores, Inc.:	
Notes due in 1970, interest ¼% above prevailing prime rate	$ 5,000,000
5½% and 5¾% notes due in 1972 and 1975	4,800,000
4¾% convertible subordinated debentures due in 1978	272,000
Foodtown Stores, Inc.:	
5¾% note due in 1980	744,000
Lease-purchase obligation	471,250
Other	60,565
Radio subsidiaries—5% and 5¼% notes due in 1970 and 1971	1,285,832
Intercorporate Finance, Inc.—6% notes due in 1971	700,000
Wholly-owned realty subsidiaries:	
5½% to 6¼% mortgage notes due in 1975 through 1984	2,188,355
4% to 4¾% sinking fund mortgage bonds due in 1969 through 1982	2,235,525
	17,757,527
Less current instalments	1,322,965
	$16,434,562

Aggregate annual maturities and sinking fund requirements in the five fiscal years subsequent to 1968 are as follows: 1969, $1,314,239; 1970, $1,728,716; 1971, $6,123,259; 1972, $1,882,336; 1973, $1,061,913.

The mortgage notes and sinking fund mortgage bonds are variously secured by warehouse and store properties of realty subsidiaries and related long-term leases to the Company. The 4¾% subordinated debentures are convertible into shares of the Company's common stock at $16⅔ per share, subject to adjustment under certain conditions. Instalment payment provisions of promissory notes of radio subsidiaries require payments in excess of scheduled instalments under certain conditions.

Restrictions on payment of dividends (except stock dividends) and purchase, redemption or retirement of capital stock are imposed by the terms of agreements relating to the Company's 5½% and 5¾% notes and 4¾% debentures. Retained earnings at February 25, 1967 free from restrictions, based on working capital and retained earnings requirements under the most restrictive of the agreements, amounted to approximately $2,740,000.

NOTE 7.

Of the authorized common stock, 16,320 shares are reserved for issuance upon conversion of the 4¾% subordinated debentures, 34,015 shares are reserved for issuance upon exercise of options granted under

the Employees' Restricted Stock Option Plan and the Employees' Qualified Stock Option Plan and 19,740 shares remain available for granting of future options under the latter plan.

Under the qualified plan, options are granted at not less than 100% (95% under restricted plan) of market value at dates granted and become exercisable over a period of four years (five years under restricted plan) commencing one year after dates granted. All options expire, subject to earlier expiration in the event of termination of employment, if not exercised within five years (six years under restricted plan) of dates granted. Outstanding options have been granted at prices ranging from $18.75 to $31.25 per share ($18.75 in 1967); at dates of grant, shares under option had an aggregate market value of $757,377, an average of $22.27 per share. Changes during fiscal year 1967 in stock options held by key employees are summarized as follows:

	Options granted		Options exercisable	
	Shares	Amount	Shares	Amount
Balance at beginning of year	38,530	$862,981	18,655	$421,292
Granted or became exercisable	5,900	110,625	6,462	143,720
Cancelled or expired	(10,415)	(235,450)	(6,970)	(158,761)
Balance at end of year	34,015	$738,156	18,147	$406,251

NOTE 8.

Additional amounts paid in by stockholders during the year, $1,952,344, represent the excess of market value over stated value of 105,592 shares of common stock issued in exchange for the net assets of Foodtown Super Markets, Inc., less related issuance expenses, $1,108.

NOTE 9.

The companies lease 306 store and warehouse properties under leases expiring through fiscal year 1987. Minimum rentals required by leases in effect for fiscal year 1968, excluding taxes, insurance and maintenance costs payable by the companies, are $5,486,000 (including $1,125,000 applicable to 86 properties sub-let to agency operators and others). Minimum rentals on such leases subsequent to 1968 are as follows:

1969	$ 5,322,000
1970	5,121,000
1971	4,877,000
1972	4,570,000
1973 - 1977	16,952,000
1978 - 1982	7,370,000
After 1982	628,000

In addition, the companies have entered into agreements to lease store properties at new locations for initial periods of 10 to 20 years at minimum annual rentals which will aggregate approximately $111,000.

NOTE 10.

The cost of the companies' non-contributory pension plans which cover all eligible employees not under labor-management plans was $640,469 for fiscal year 1967 and $712,865 for 1966. At February 25, 1967, unfunded initial past service costs, which are being amortized over a period of 30 years, amounted to approximately $1,164,000.

FACILITIES AT FISCAL YEAR-END:

	Iowa	Mich.	Minn.	Mont.	No. Dak.	So. Dak.	Wis.	Wyo.	Colo.	Kans.	Mo.	Okla.	TOTAL
Corporate Stores	2	9	76	1	18	16	37	2	17	17	8	1	204
Agency and Wholesale Accounts	9	19	118		45	24	64		215				494
Drug Stores			29				2						31
Radio Stations			2			1							3
Principal Warehouses			2		1		1		1				5

ACCOUNTANTS' REPORT

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
NORTHWESTERN BANK BUILDING
MINNEAPOLIS, MINN. 55402

THE BOARD OF DIRECTORS AND SHAREHOLDERS
RED OWL STORES, INC.:

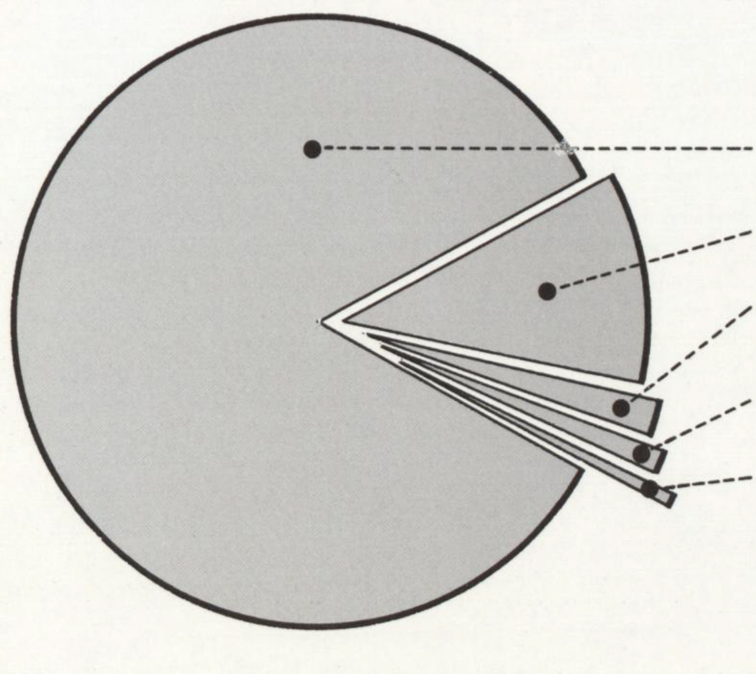
We have examined the consolidated balance sheet of Red Owl Stores, Inc. and subsidiaries as of February 25, 1967, and the related statement of operations and retained earnings and the statement of source and use of consolidated funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated operations and retained earnings present fairly the financial position of Red Owl Stores, Inc. and subsidiaries at February 25, 1967, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying statement of source and use of consolidated funds for the year ended February 25, 1967 presents fairly the information shown therein.

Minneapolis, Minnesota
April 18, 1967

Peat, Marwick, Mitchell & Co.

HOW THE SALES DOLLAR WAS DIVIDED



TEN YEAR COMPARATIVE FIGURES

FISCAL YEAR ENDED IN	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958
(000's omitted)										
Net sales and operating revenues	$337,483	$315,524	$304,924	$296,475	$300,247	$279,188	$274,592	$226,589	$199,544	$176,430
(000's omitted)										
Earnings before extraordinary items	1,452	2,595	3,042	2,768	2,653	2,374	2,248	2,352*	2,247*	2,136*
Extraordinary items, net	78	—	—	—	—	—	—	—	—	—
Net earnings for year	1,530	2,595	3,042	2,768	2,653	2,374	2,248	2,352*	2,247*	2,136*
Dividends paid on common stock	1,533	1,492	1,419	1,350	1,217	1,110	1,078	1,048	936	854
Net earnings for year retained in business	(3)	1,103	1,623	1,418	1,436	1,263	1,170*	1,304*	1,311*	1,282*
Per common share outstanding at year end:										
Earnings before extraordinary items	.96	1.75	2.04	1.87	1.77	1.69	1.65	1.77*	1.74*	1.75*
Extraordinary items, net	.05	—	—	—	—	—	—	—	—	—
Net earnings	1.01	1.75	2.04	1.87	1.77	1.69	1.65	1.77*	1.74*	1.75*
Dividends per common share	1.00	1.00	.95	.90	.82½	.80	.80	.80	.75	.70
†Net working capital	18,936	14,881	16,226	16,322	18,356	14,918	13,172	12,388	12,644	12,606
Ratio of current assets to current liabilities	2.01 to 1	1.75 to 1	1.92 to 1	1.95 to 1	2.18 to 1	2.08 to 1	2.13 to 1	1.97 to 1	2.26 to 1	2.37 to 1
†Stockholders' equity	30,216	29,604	28,745	27,073	26,148	22,146	20,214	18,247	16,351	13,986
Common shares outstanding	1,513,028	1,481,476	1,491,681	1,480,221	1,498,106	1,404,266	1,363,732	1,330,232	1,291,992	1,221,782
Book value per common share	19.97	19.98	19.27	18.29	17.45	15.77	14.82	13.72	12.66	11.45
Number of common shareholders	5,270	4,501	4,123	4,249	4,182	4,078	4,183	4,290	3,827	3,228
Number of stores at close of year:										
Retail (including drug)	235	207	204	195	195	172	166	163	148	152
Agency and wholesale	494	484	474	454	450	426	423	439	354	376
Total sq. ft. retail stores	2,912,260	2,583,209	2,510,275	2,324,218	2,340,341	2,076,306	1,931,107	1,815,422	1,512,035	1,386,442
Number of employees (including part time)	8,400	8,025	7,850	7,600	7,700	7,400	7,000	6,100	5,600	5,300

†*(000's omitted)*

*Figures have been adjusted to reflect retroactive application of a special credit in 1961.

NOTE: *Comparative figures have been adjusted, where applicable, for the two-for-one stock distribution on March 22, 1963, to holders of record on March 15, 1963.*

DIRECTORS *(as of April 13, 1967)*

T. R. ANDERSON, President, Perrybell Enterprises, Inc. (Investment Co.)

FORD BELL, Chairman of the Board and Chief Executive Officer, Red Owl Stores, Inc.

ALF L. BERGERUD, Legal Counsel and Consultant

B. F. DAVIDSON, Vice President, Gamble-Skogmo, Inc.

WALTER H. DAVIES, JR., Vice President and Treasurer, Gamble-Skogmo, Inc.

LOUIS E. DOLAN, Vice President and Secretary, Gamble-Skogmo, Inc.

BERTIN C. GAMBLE, Chairman of the Board and Chief Executive Officer, Gamble-Skogmo, Inc.

J. PHILIP GOAN, Vice President, Gamble-Skogmo, Inc.

ARTHUR G. JOHNSON, Vice President for Marketing, Gamble-Skogmo, Inc.

CARL C. RAUGUST, President, Gamble-Skogmo, Inc.

L. W. RIXE, Vice President, Red Owl Stores, Inc.

ANDREW C. SHEDDEN, Vice President and Assistant to the President, Aldens, Inc.

JAMES A. WATSON, President, Red Owl Stores, Inc.

OFFICERS

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JAMES A. WATSON, President

NEIL ELKEY, Vice President, Agency and Wholesale Operations

LAWRENCE W. RIXE, Vice President, Finance

JAMES H. WILLE, Vice President, Retail Operations

JOSEPH T. SYDNESS, Secretary

THOMAS R. PELLETT, Treasurer

F. D. SCOTT, Controller

JAMES E. GOTTLIEB, Assistant Vice President, Administration

CLAYTON C. RA DUE, Assistant Vice President, Retail Operations

FRANK L. WALKER, Assistant Vice President, Agency Division

RICHARD C. JOHNSON, Assistant Secretary, Associate Counsel

ORVILLE G. McDONALD, Assistant Treasurer, Analyst, Retail Operations

For more information about the activities and policies of Red Owl Stores, write to . . . RED OWL STORES, INC., HOPKINS, MINNESOTA, EXECUTIVE OFFICES: *215 E. Excelsior Avenue, Hopkins, Minnesota.* MAILING ADDRESS: *Post Office Box 329, Minneapolis, Minnesota 55440.* STOCK TRANSFER AGENTS *Northwestern National Bank of Minneapolis, Bankers Trust Company of New York.* REGISTRARS *First National Bank of Minneapolis; Morgan Guaranty Trust Company of New York.* AUDITORS: *Peat, Marwick, Mitchell & Co.*